

August 29, 2008

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: Standby Warrant Purchase Agreements and Related Forbearance
Agreements Between Jefferson County and Societe Generale, New York
Branch

Ladies and Gentlemen:

Reference is made to (a) the Standby Warrant Purchase Agreement, dated as of October 1, 2002, among Jefferson County, Alabama (the "County"), The Bank of New York, as Trustee (the "Trustee"), JPMorgan Chase Bank, as liquidity agent (the "Liquidity Agent"), and Societe Generale, New York Branch (the "Bank"), as liquidity provider, relating to \$147,600,000 Jefferson County, Alabama Sewer Revenue Refunding Warrants Series 2002-C-6 (the "2002-C-6 Standby Agreement"); (b) the Standby Warrant Purchase Agreement, dated as of May 1, 2003, among the County, the Trustee, the Liquidity Agent, and the Bank, as liquidity provider, relating to \$55,000,000 Jefferson County, Alabama Sewer Revenue Refunding Warrants Series 2003-B-2 (the "2003-B-2 Standby Agreement"); collectively with the 2002-C-6 Standby Agreement, the "Standby Agreements"; (c) (i) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, among the County, the Trustee, the Liquidity Agent, Financial Guaranty Insurance Company ("FGIC"), Syncora Guarantee Inc., formerly XL Capital Assurance Inc. ("Syncora") and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "2002-C-6 Original Forbearance Agreement") and (ii) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008 and July 31, 2008, regarding the 2002-C-6 Standby Agreement and the 2002-C-6 Original Forbearance Agreement (the documents described in this clause (c) are referred to collectively as the "2002-C-6 Forbearance Agreement"); and (d) (i) the Forbearance Agreement and Reservation of Rights, dated as

of March 31, 2008, among the County, the Trustee, the Liquidity Agent, FGIC, Syncora, and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "2003-B-2 Original Forbearance Agreement") and (ii) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008 and July 31, 2008, regarding the 2003-B-2 Standby Agreement and the 2003-B-2 Original Forbearance Agreement (the documents described in this clause (d) are referred to collectively as the "2003-B-2 Forbearance Agreement"; collectively with the 2002-C-6 Forbearance Agreement, the "Forbearance Agreements"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreements or the Standby Agreements, as applicable.

As you know, pursuant to the Forbearance Agreements, the County has acknowledged that Events of Default have occurred and are continuing under the Standby Agreements, that interest has accrued and continues to accrue at the Default Rate on the Bank Warrants, and that all interest accrued at the Default Rate on the Bank Warrants in excess of the amount paid by the County to the Bank on April 1, 2008, May 1, 2008, June 2, 2008, July 1, 2008 and August 4, 2008 (the "Default Interest") shall be due and payable in full upon expiration of the Forbearance Period. Absent earlier termination in accordance with the terms thereof, the Forbearance Period under the Forbearance Agreements will terminate on August 29, 2008 as a result of the occurrence of a Forbearance Period Termination Event under clause (e) of Section 1 of the Forbearance Agreements.

In recognition of the recently announced direct involvement of the Governor of the State of Alabama to further the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank will proceed as follows: Notwithstanding the termination of the Forbearance Period on August 29, but without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, it is not the Bank's current intent to exercise any such rights and remedies in respect of the above referenced Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on September 30, 2008, provided that, (a) each Other Liquidity Provider and each Swap Counterparty continues to forbear, (b) on September 2, 2008 the Bank receives the interest payment on the Bank Warrants that has accrued at the applicable Bank Rate (as such term is defined in the Standby Agreements), and (c) no other Forbearance Period Termination Event (except for those Forbearance Period Termination Events set forth in subsections (a) and (f) of Section 1 of the 2002-C-6 Original Forbearance Agreement and the 2003-B-2 Original Forbearance Agreement) occurs. In addition, and notwithstanding anything to the contrary contained in the Forbearance Agreements or the termination of the Forbearance Period on August 29, 2008, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Trustee, Syncora and FGIC, the Default Interest shall be due and payable in full by the County on October 1, 2008. The Expiration Date (as such term is defined in the 2003-B-2 Forbearance Agreement), shall not occur until the end of the Forbearance Period; provided, however, that for purposes of the definition of "Bank Rate" in the 2003-B-2 Standby Agreement, the Expiration Date shall remain at April 23, 2008 as set

forth in the 2003-B-2 Forbearance Agreement. Syncora confirms that the Bank Rate as calculated in conformity with the preceding sentence constitutes the Bank Rate for purposes of the Municipal Bond Insurance Policy.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date of payment of the Default Interest), waiver or release of any rights, remedies, claims, causes of action, or defenses by any of the Parties in relation to the Standby Agreements, the Forbearance Agreements, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended to nor shall anything contained herein constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Events of Defaults, or relieve or release the County or the Bond Insurers from any of their respective obligations, as applicable, under the Standby Agreements, the Forbearance Agreements, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, or from the consequences of the existing Events of Default or any other Event of Default. Except as set forth in the third paragraph of this letter, this letter does not constitute an amendment or modification of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

Please further note that we have requested that the Trustee execute this letter for the sole and limited purpose of indicating its consent to the extent that the third paragraph of this letter constitutes an amendment to the Standby Agreements requiring its consent. Furthermore, the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreements as provided in the third paragraph of this letter) and has not agreed to forbear from exercising any remedy it has or may have under the Indenture or any other Related Document.

The execution, delivery and performance of this letter agreement by each undersigned Bond Insurer does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the respective Bond Insurer's organizational documents or any contractual restriction binding on such Bond Insurer (including any agreement between such Bond Insurer and any reinsurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration by any officers or other internal authorities of such Bond Insurer or with any governmental authority that has not been obtained. Syncora hereby ratifies and confirms the Municipal Bond Insurance Policy and its insurance, in accordance with the terms thereof, of all payments of principal and interest on the Bank Warrants, subject, to the

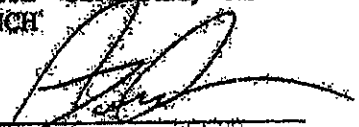
extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Each undersigned Bond Insurer hereby ratifies and confirms the DSRF Insurance Policy issued by it, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Without limiting the generality of the foregoing, as between each undersigned Bond Insurer, on the one hand, and the Bank and the Trustee, on the other, neither the execution and delivery of this letter agreement, nor performance hereunder, shall alter in any way (a) the rights of the Bank or the Trustee, or the obligations of any undersigned Bond Insurer, under each Bond Insurance Policy, nor constitute a defense to payment or release under any Bond Insurance Policy, and each undersigned Bond Insurer expressly waives the benefit of any rule of law or provision of any Related Document that would provide otherwise and (b) the rights and/or defenses of any undersigned Bond Insurer, as such rights and/or defenses existed prior to the execution of this letter agreement, under the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, and any and all documents related thereto.

This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Bond Insurers, the Liquidity Agent and the Trustee.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the Conny's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

SOCIETE GENERALE, NEW YORK
BRANCH

By: 
Title: DIRECTOR

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: 
Title: PRESIDENT

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

SOCIETE GENERALE, NEW YORK
BRANCH

By: _____
Title:

CONSENT AND AGREE:


JEFFERSON COUNTY, ALABAMA

By: _____
Title:

FINANCIAL GUARANTY INSURANCE COMPANY

By: TIMOTHY TATUM
Title: AUTHORIZED REPRESENTATIVE

SYNCORA GUARANTEE INC., formerly
XL CAPITAL ASSURANCE INC.

By: 
Title:

THE BANK OF NEW YORK MELLON,
formerly The BANK OF NEW YORK, as Trustee

By: _____
Title:

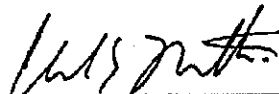
JPMORGAN CHASE BANK, as Liquidity Agent

By: _____
Title:

SYNCORA GUARANTEE INC., formerly
XL CAPITAL ASSURANCE INC.

By: _____
Title:

THE BANK OF NEW YORK MELLON,
formerly The BANK OF NEW YORK, as Trustee

By:  _____
Title: Vice President

JPMORGAN CHASE BANK, as Liquidity Agent

By: _____
Title:

SYNCORA GUARANTEE INC., formerly
XL CAPITAL ASSURANCE INC.

By: _____
Title:

THE BANK OF NEW YORK MELLON,
formerly The BANK OF NEW YORK, as Trustee

By: _____
Title:

JPMORGAN CHASE BANK, as Liquidity Agent

By: William A. Austin
Title: EXECUTIVE DIRECTOR



August 27, 2008

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: Standby Warrant Purchase Agreement and Related Forbearance
Agreements Between Jefferson County and Regions Bank

Ladies and Gentlemen:

Reference is made to (a) the Standby Warrant Purchase Agreement, dated as of October 1, 2002, among Jefferson County, Alabama (the "County"), The Bank of New York, as Trustee (the "Trustee"), JPMorgan Chase Bank, as liquidity agent (the "Liquidity Agent"), and Regions Bank (the "Bank"), as liquidity provider, relating to \$49,100,000 Jefferson County, Alabama Sewer Revenue Refunding Warrants Series 2002-7 (as amended, supplemented or otherwise modified, "Standby Agreement"); and (b)(i) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, among the County, the Trustee, Financial Guaranty Insurance Company ("FGIC"), Syncora Guarantee Inc., formerly known as XL Capital Assurance Inc. ("XLCA"), the Liquidity Agent and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "Original Forbearance Agreement") and (ii) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008 and July 31, 2008, regarding the Standby Agreement and the Original Forbearance Agreement (the documents described in this clause (b) are referred to collectively as the "Forbearance Agreement"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Standby Agreement, as applicable.

As you know, pursuant to the Forbearance Agreement, the County has acknowledged that Events of Default have occurred and are continuing under the Standby Agreement, that interest has accrued and continues to accrue at the Default Rate on the

Bank Warrants, and that all interest accrued at the Default Rate on the Bank Warrants in excess of the amount paid by the County to the Bank on April 1, 2008, May 1, 2008, June 2, 2008, July 1, 2008 and August 4, 2008 (the "Default Interest") shall be due and payable in full upon expiration of the Forbearance Period. Absent earlier termination in accordance with the terms thereof, the Forbearance Period under the Forbearance Agreement will terminate on August 29, 2008 as a result of the occurrence of a forbearance period termination event under clause (e) of Section 1 of the Forbearance Agreement.

In recognition of the recently announced direct involvement of the Governor of the State of Alabama to further the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank will proceed as follows: Notwithstanding the termination of the Forbearance Period on August 29, but without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, based upon the occurrence of a Forbearance Period Termination Event, the existence of an Event of Default, or otherwise, it is not the Bank's current intent to exercise any such rights and remedies in respect of the above referenced Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on September 30, 2008. In addition, and notwithstanding anything to the contrary contained in the Forbearance Agreement or the termination of the Forbearance Period on August 29, 2008, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Trustee, XLCA and FGIC, the Default Interest shall be due and payable in full by the County on October 1, 2008.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date of payment of the Default Interest), waiver or release of any rights, remedies, claims, causes of action, or defenses by any of the Parties in relation to the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended to nor shall anything contained herein constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Events of Defaults, or relieve or release the County or the Bond Insurers from any of their respective obligations, as applicable, under the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, or from the consequences of the existing Events of Default or any other Event of Default. Except as set forth in the third paragraph of this letter, this letter does not constitute an amendment or modification of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. No failure to exercise or delay in exercising any right or power shall preclude any other or

further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

Please further note that we have requested that the Trustee execute this letter for the sole and limited purpose of indicating its consent to the extent that the third paragraph of this letter constitutes an amendment to the Standby Agreement requiring its consent. Furthermore, the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreement as provided in the third paragraph of this letter) and has not agreed to forbear from exercising any remedy it has or may have under the Indenture or any other Related Document.

The execution, delivery and performance of this letter agreement by each undersigned Bond Insurer does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the respective Bond Insurer's organizational documents or any contractual restriction binding on such Bond Insurer (including any agreement between such Bond Insurer and any reinsurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration by any officers or other internal authorities of such Bond Insurer or with any governmental authority that has not been obtained. XLCA hereby ratifies and confirms the Municipal Bond Insurance Policy and its insurance, in accordance with the terms thereof, of all payments of principal and interest on the Bank Warrants, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Each undersigned Bond Insurer hereby ratifies and confirms the DSRF Insurance Policy issued by it, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Without limiting the generality of the foregoing, as between each undersigned Bond Insurer, on the one hand, and the Bank and the Trustee, on the other, neither the execution and delivery of this letter agreement, nor performance hereunder, shall alter in any way (a) the rights of the Bank or the Trustee, or the obligations of any undersigned Bond Insurer, under each Bond Insurance Policy, nor constitute a defense to payment or release under any Bond Insurance Policy, and each undersigned Bond Insurer expressly waives the benefit of any rule of law or provision of any Related Document that would provide otherwise and (b) the rights and/or defenses of any undersigned Bond Insurer, as such rights and/or defenses existed prior to the execution of this letter agreement, under the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, and any and all documents related thereto.

This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Bond Insurers and the Trustee.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

REGIONS BANK

By: N. Ronald Young, III
Title: Vice President

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: Bettee Gene Collins
Title: **PRESIDENT**

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

SYNCORA GUARANTEE INC.,
formerly known as XL CAPITAL ASSURANCE INC.

By: _____
Title:

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

REGIONS BANK

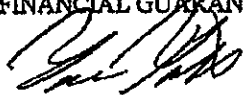
By: N. Paul Johnson, III
Title: Vice President

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:

FINANCIAL GUARANTY INSURANCE COMPANY



By: TIMOTHY TATHAM
Title: AUTHORIZED REPRESENTATIVE

SYNCORA GUARANTEE INC.,
formerly known as XL CAPITAL ASSURANCE INC.

By: _____
Title:

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

REGIONS BANK

By: *N. Ronald Young, III*
Title: *Vice President*

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:

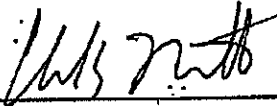
FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

SYNCORA GUARANTEE INC.,
formerly known as XL CAPITAL ASSURANCE INC.

By: *Edward B. Ford*
Title:

THE BANK OF NEW YORK MELLON,
formerly The BANK OF NEW YORK, as Trustee

By: 
Title: VICE PRESIDENT

August 27, 2008

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: Standby Warrant Purchase Agreements and Related Forbearance
Agreements Between Jefferson County and Lloyds TSB Bank PLC

Ladies and Gentlemen:

Reference is made to (a) the Standby Warrant Purchase Agreement, dated as of October 1, 2002, among Jefferson County, Alabama (the "County"), The Bank of New York, as Trustee (the "Trustee"), JPMorgan Chase Bank, as liquidity agent (the "Liquidity Agent"), and Lloyds TSB Bank PLC (the "Bank"), as liquidity provider, relating to \$105,000,000 Jefferson County, Alabama Sewer Revenue Refunding Warrants Series 2003-B-7 (the "2003-B-7 Standby Agreement"); (b) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, among the County, the Trustee, Financial Guaranty Insurance Company ("FGIC"), Syncora Guarantee Inc. (formerly XL Capital Assurance Inc., "Syncora"), the Liquidity Agent and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008 (as so amended, the "2003-B-7 Original Forbearance Agreement"); and (c) the forbearance letters from the Bank to the County dated May 14, 2008, May 30, 2008 and July 31, 2008, regarding the 2003-B-7 Original Forbearance Agreement (the documents described in this clause (c) are referred to collectively as the "2003-B-7 Forbearance Agreement"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Standby Agreement, as applicable.

As you know, pursuant to the Forbearance Agreement, the County has acknowledged that Events of Default have occurred and are continuing under the Standby Agreement, that interest has accrued and continues to accrue at the Default Rate on the Bank Warrants, and that all interest accrued at the Default Rate on the Bank Warrants in excess of the amount paid by the County to the Bank on April 1, 2008, May 1, 2008, June 2, 2008, July 1, 2008 and August 4, 2008 (the "Unpaid Interest") shall be due and payable in full upon expiration of the Forbearance Period. Absent earlier termination in accordance with the terms thereof, the Forbearance Period under the Forbearance Agreement will terminate on August 29, 2008 as a result of the

occurrence of a forbearance period termination event under clause (e) of Section 1 of the 2000-3-B-7 Forbearance Agreement.

In recognition of the recently announced direct involvement of the Governor of the State of Alabama to further the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank presently intends to proceed as follows: Notwithstanding the termination of the Forbearance Period on August 29, 2008, but without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, it is not the Bank's current intent to exercise any such rights and remedies in respect of the above referenced Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on September 30, 2008. In addition, and notwithstanding anything to the contrary contained in the Forbearance Agreement or the termination of the Forbearance Period on August 29, 2008, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Trustee, the Liquidity Agent, Syncora and FGIC, the Unpaid Interest shall be due and payable in full by the County on October 1, 2008 and that for the purposes of the due date of the payment of the Unpaid Interest, the Expiration Date shall not occur until October 1, 2008; *provided, however*, that for purposes of the definition of "Bank Rate" in the Standby Agreement, the Expiration Date shall remain at April 23, 2008 as set forth in the Forbearance Agreement. Syncora confirms that the Bank Rate as calculated in conformity with the preceding sentence constitutes the Bank Rate for purposes of the Municipal Bond Insurance Policy.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date of payment of the Unpaid Interest), waiver or release of any rights, remedies, claims, causes of action, or defenses by any of the Parties in relation to the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended to nor shall anything contained herein constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Events of Defaults, or relieve or release the County or the Bond Insurers from any of their respective obligations, as applicable, under the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, or from the consequences of the existing Events of Default or any other Event of Default. Except as set forth in the third paragraph of this letter, this letter does not constitute an amendment or modification of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

Please further note that we have requested that the Trustee execute this letter for the sole and limited purpose of indicating its consent to the extent that the third paragraph of this letter

constitutes an amendment to the Standby Agreement requiring its consent. Furthermore, the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreements as provided in the third paragraph of this letter) and has not agreed to forbear from exercising any remedy it has or may have under the Indenture or any other Related Document.

The execution, delivery and performance of this letter agreement by each undersigned Bond Insurer does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the respective Bond Insurer's organizational documents or any contractual restriction binding on such Bond Insurer (including any agreement between such Bond Insurer and any reinsurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration by any officers or other internal authorities of such Bond Insurer or with any governmental authority that has not been obtained. Syncora hereby ratifies and confirms the Municipal Bond Insurance Policy and its insurance, in accordance with the terms thereof, of all payments of principal and interest on the Bank Warrants, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Each undersigned Bond Insurer hereby ratifies and confirms the DSRF Insurance Policy issued by it, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Without limiting the generality of the foregoing, as between each undersigned Bond Insurer, on the one hand, and the Bank and the Trustee, on the other, neither the execution and delivery of this letter agreement, nor performance hereunder, shall alter in any way (a) the rights of the Bank or the Trustee, or the obligations of any undersigned Bond Insurer, under each Bond Insurance Policy, nor constitute a defense to payment or release under any Bond Insurance Policy, and each undersigned Bond Insurer expressly waives the benefit of any rule of law or provision of any Related Document that would provide otherwise and (b) the rights and/or defenses of any undersigned Bond Insurer, as such rights and/or defenses existed prior to the execution of this letter agreement, under the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, and any and all documents related thereto.

This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Bond Insurers, the Liquidity Agent and the Trustee.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

LLOYDS TSB BANK PLC

By: *Jonathan Smith*
Title: Jonathan Smith
Assistant Vice President
Risk Management & Business Support
6025

By: *Michael J. Bruce*
Title: Michael J. Bruce
Vice President & Manager
Risk Management & Business Support
6001

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA:

By: *Betty Jane Collins*
Title: PRESIDENT

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Liquidity Agent

By: _____
Title

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

LLOYDS TSB BANK PLC

By: *[Signature]*
Title: Assistant Vice President
Risk Management & Business Support
6025

[Signature]
Title: View President & Manager
Risk Management & Business Support
6081

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA:

By: _____
Title: _____

FINANCIAL GUARANTY INSURANCE COMPANY

By: *[Signature]*
Title: AUTHORIZED REPRESENTATIVE

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Liquidity Agent

By: _____
Title: _____

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness; and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

LLOYDS TSB BANK PLC

By: *[Signature]*
Title: Assistant Vice President
Risk Management & Business Support
2025

[Signature]
Title: Vice President & Manager
Risk Management & Business Support
9091

CONSENT AND AGREE:
JEFFERSON COUNTY, ALABAMA

By: _____
Title: _____


FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title: _____

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Liquidity Agent

By: *William A. Austin*
Title: EXECUTIVE DIRECTOR

SYNCORA GUARANTEE INC., formerly XL
CAPITAL ASSURANCE INC.

By: 
Title:

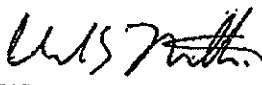
THE BANK OF NEW YORK MELLON,
formerly The Bank of New York, as Trustee

By: _____
Title:

XL CAPITAL ASSURANCE INC.

By: _____
Title:

THE BANK OF NEW YORK MELLON,
formerly The Bank of New York, as Trustee

By:  _____
Title: **VICE PRESIDENT**



August 27, 2008

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: Standby Warrant Purchase Agreements and Related Forbearance
Agreements Between Jefferson County and JPMorgan Chase Bank

Ladies and Gentlemen:

Reference is made to (a) the Standby Warrant Purchase Agreement, dated as of February 1, 2002, among Jefferson County, Alabama (the "County"), The Bank of New York, as Trustee (the "Trustee"), and JPMorgan Chase Bank (the "Bank"), as liquidity provider, relating to \$110,000,000 Jefferson County, Alabama Sewer Revenue Capital Improvement Warrants Series 2002-A (the "2002-A Standby Agreement"); (b) the Standby Warrant Purchase Agreement, dated as of October 1, 2002, among the County, the Trustee, JPMorgan Chase Bank, as liquidity agent (the "Liquidity Agent"), and the Bank, as liquidity provider, relating to \$73,700,000 Jefferson County, Alabama Sewer Revenue Refunding Warrants Series 2002-C-2 (the "2002-C-2 Standby Agreement"); collectively with the 2002-A Standby Agreement, the "Standby Agreements"; (c) (i) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, among the County, the Trustee, Financial Guaranty Insurance Company ("FGIC"), Syncora Guarantee Inc (formerly XL Capital Assurance Inc., "Syncora") and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "2002-A Original Forbearance Agreement") and (ii) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008 and July 31, 2008, regarding the 2002-A Standby Agreement and the 2002-A Original Forbearance Agreement (the documents described in this clause (c) are referred to collectively as the "2002-A Forbearance Agreement"); and (d) (i) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, among the County, the Trustee, FGIC, Syncora, the Liquidity Agent and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights,

dated as of April 15, 2008, the "2002-C-2 Original Forbearance Agreement") and (ii) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008 and July 31, 2008, regarding the 2002-C-2 Standby Agreement and the 2002-C-2 Original Forbearance Agreement (the documents described in this clause (g) are referred to collectively as the "2002-C-2 Forbearance Agreement"; collectively with the 2002-A Forbearance Agreement, the "Forbearance Agreements"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreements or the Standby Agreements, as applicable.

As you know, pursuant to the Forbearance Agreements, the County has acknowledged that Events of Default have occurred and are continuing under the Standby Agreements, that interest has accrued and continues to accrue at the Default Rate on the Bank Warrants, and that all interest accrued at the Default Rate on the Bank Warrants in excess of the amount paid by the County to the Bank on April 1, 2008, May 1, 2008, June 2, 2008, July 1, 2008 and August 4, 2008 (the "Default Interest") shall be due and payable in full upon expiration of the Forbearance Period. Absent earlier termination in accordance with the terms thereof, the Forbearance Period under the Forbearance Agreements will terminate on August 29, 2008 as a result of the occurrence of a forbearance period termination event under clause (e) of Section 1 of the Forbearance Agreements.

In recognition of the recently announced direct involvement of the Governor of the State of Alabama to further the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank will proceed as follows: Notwithstanding the termination of the Forbearance Period on August 29, but without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, it is not the Bank's current intent to exercise any such rights and remedies in respect of the above referenced Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on September 30, 2008. In addition, and notwithstanding anything to the contrary contained in the Forbearance Agreements or the termination of the Forbearance Period on August 29, 2008, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Trustee, Syncora and FHC, the Default Interest shall be due and payable in full by the County on October 1, 2008.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date of payment of the Default Interest), waiver or release of any rights, remedies, claims, causes of action, or defenses by any of the Parties in relation to the Standby Agreements, the Forbearance Agreements, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended to nor shall anything contained herein constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance,

prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Events of Defaults, or relieve or release the County or the Bond Insurers from any of their respective obligations, as applicable, under the Standby Agreements, the Forbearance Agreements, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, or from the consequences of the existing Events of Default or any other Event of Default. Except as set forth in the third paragraph of this letter, this letter does not constitute an amendment or modification of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

Please further note that we have requested that the Trustee execute this letter for the sole and limited purpose of indicating its consent to the extent that the third paragraph of this letter constitutes an amendment to the Standby Agreements requiring its consent. Furthermore, the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreements as provided in the third paragraph of this letter) and has not agreed to forbear from exercising any remedy it has or may have under the Indenture or any other Related Document.

The execution, delivery and performance of this letter agreement by each undersigned Bond Insurer does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the respective Bond Insurer's organizational documents or any contractual restriction binding on such Bond Insurer (including any agreement between such Bond Insurer and any reinsurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration by any officers or other internal authorities of such Bond Insurer or with any governmental authority that has not been obtained. Syncora hereby ratifies and confirms the Municipal Bond Insurance Policy and its insurance, in accordance with the terms thereof, of all payments of principal and interest on the Bank Warrants, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Each undersigned Bond Insurer hereby ratifies and confirms the DSRF Insurance Policy issued by it, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Without limiting the generality of the foregoing, as between each undersigned Bond Insurer, on the one hand, and the Bank and the Trustee, on the other, neither the execution and delivery of this letter agreement, nor performance hereunder, shall alter in any way (a) the rights of the Bank or the Trustee, or the obligations of any undersigned Bond Insurer, under each Bond Insurance Policy, nor constitute a defense to payment or release under any Bond Insurance Policy, and each undersigned Bond Insurer expressly waives the benefit of any rule of law or provision of any Related Document that would provide otherwise and (b)

the rights and/or defenses of any undersigned Bond Insurer, as such rights and/or defenses existed prior to the execution of this letter agreement, under the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, and any and all documents related thereto.

This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Bond Insurers and the Trustee.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

JPMORGAN CHASE BANK

By: William A. Austin
Title: EXECUTIVE DIRECTOR

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: Petty Jim Collins
Title: PRESIDENT

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title:

SYNCORA GUARANTEE INC., formerly XL
CAPITAL ASSURANCE INC.

By: _____
Title:

SYNCORA.COM | 800.447.1111 | 10/27/14

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

BY MORGAN CHASE BANK

By: William A. Austin
Title: EXECUTIVE DIRECTOR

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title: _____

FINANCIAL GUARANTEE INSURANCE COMPANY

By: Timothy T. Tamm
Title: AUTHORIZED REPRESENTATIVE

SYNCORA GUARANTIES INC., formerly XL
CAPITAL ASSURANCE INC.

By: _____
Title: _____

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

JPMORGAN CHASE BANK

By: _____
Title:

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:


FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title:

SYNCORA GUARANTEE INC., formerly XL
CAPITAL ASSURANCE INC.

By: 
Title:

THE BANK OF NEW YORK MELLON,
formerly The BANK OF NEW YORK, as Trustee

By: 
Title: Vice President



THE BANK OF NEW YORK MELLON

August 29, 2008

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: Standby Warrant Purchase Agreement and Related Forbearance Agreement
Between Jefferson County and The Bank of New York Mellon

Ladies and Gentlemen:

Reference is made to (a) the Standby Warrant Purchase Agreement, dated as of May 1, 2003, among Jefferson County, Alabama (the "County"), The Bank of New York Mellon, formerly known as The Bank of New York, as Trustee (the "Trustee"), The Bank of New York Mellon, formerly known as The Bank of New York (the "Bank"), as liquidity provider, and JPMorgan Chase Bank (the "Liquidity Agent"), as liquidity agent, relating to the County's Sewer Revenue Refunding Warrants, Series 2003-B-3 and Series 2003-B-4 (the "Standby Agreement"); and (b) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, among the County, the Trustee, Financial Guaranty Insurance Company ("FGIC"), Syncora Guarantee Inc., formerly known as XL Capital Assurance Inc. ("Syncora"), the Liquidity Agent, and the Bank, as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, and the letter agreements relating thereto among the Bank, the County, and the other parties thereto, dated as of May 13, 2008, May 30, 2008, and August 1, 2008 (collectively, the "Forbearance Agreement"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Standby Agreement, as applicable.

As you know, pursuant to the Forbearance Agreement, the County has acknowledged that Events of Default have occurred and are continuing under the Standby Agreement, that interest has accrued and continues to accrue at the Default Rate on the Bank Warrants, and that all interest accrued at the Default Rate on the Bank Warrants in excess of the amount paid by the County to the Bank on April 1, 2008, May 1, 2008, June 2, 2008, July 1, 2008, and August 4, 2008 (the "Unpaid Default Interest") shall be due and payable in full upon expiration of the Forbearance Period. Absent earlier termination in accordance with the terms thereof, the

Forbearance Period under the Forbearance Agreement will terminate on August 29, 2008 as a result of the occurrence of a forbearance period termination event under Section 1(e) of the Forbearance Agreement.

In recognition of the recently announced direct involvement of the Governor of the State of Alabama to further the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank will proceed as follows. Notwithstanding the termination of the Forbearance Period on August 29, but without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, it is not the Bank's current intent to exercise any such rights and remedies in respect of the above referenced Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on September 30, 2008. In addition, and notwithstanding anything to the contrary contained in the Forbearance Agreement or the termination of the Forbearance Period on August 29, 2008, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Trustee, the Liquidity Agent, Syncora, and FGIC, the Unpaid Default Interest shall be due and payable in full by the County on October 1, 2008. In addition, the Expiration Date shall not occur until October 1, 2008; provided, however, that for purposes of the definition of "Bank Rate" in the Standby Agreement, the Expiration Date shall remain at April 23, 2008 as set forth in the Forbearance Agreement. Syncora confirms that the Bank Rate as calculated in conformity with the preceding sentence constitutes the Bank Rate for purposes of the Municipal Bond Insurance Policy.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date of payment of the Unpaid Default Interest), waiver or release of any rights, remedies, claims, causes of action, or defenses by any of the Parties in relation to the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Without limiting the generality of the foregoing, nothing herein affects in any way the payment of interest at the Bank Rate that is due on September 2, 2008. Nothing contained in this letter is intended to nor shall anything contained herein constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Events of Defaults, or relieve or release the County or the Bond Insurers from any of their respective obligations, as applicable, under the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, or from the consequences of the existing Events of Default or any other Event of Default. Except as set forth in the third paragraph of this letter, this letter does not constitute an amendment or modification of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

Please further note that we have requested that the Trustee execute this letter for the sole and limited purpose of indicating its consent to the extent that the third paragraph of this letter constitutes an amendment to the Standby Agreement requiring its consent. Furthermore, the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreement as provided in the third paragraph of this letter) and has not agreed to forbear from exercising any remedy it has or may have under the Indenture or any other Related Document.

The execution, delivery and performance of this letter agreement by each undersigned Bond Insurer does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the respective Bond Insurer's organizational documents or any contractual restriction binding on such Bond Insurer (including any agreement between such Bond Insurer and any reinsurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration by any officers or other internal authorities of such Bond Insurer or with any governmental authority that has not been obtained. Syncora hereby ratifies and confirms the Municipal Bond Insurance Policy and its insurance, in accordance with the terms thereof, of all payments of principal and interest on the Bank Warrants, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Each undersigned Bond Insurer hereby ratifies and confirms the DSRF Insurance Policy issued by it, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Without limiting the generality of the foregoing, as between each undersigned Bond Insurer, on the one hand, and the Bank and the Trustee, on the other, neither the execution and delivery of this letter agreement, nor performance hereunder, shall alter in any way (a) the rights of the Bank or the Trustee, or the obligations of any undersigned Bond Insurer, under each Bond Insurance Policy, nor constitute a defense to payment or release under any Bond Insurance Policy, and each undersigned Bond Insurer expressly waives the benefit of any rule of law or provision of any Related Document that would provide otherwise and (b) the rights and/or defenses of any undersigned Bond Insurer, as such rights and/or defenses existed prior to the execution of this letter agreement, under the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, and any and all documents related thereto.

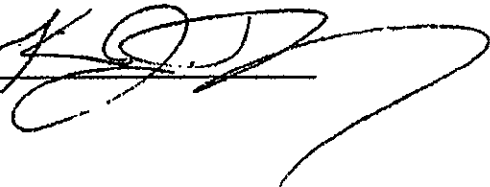
This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Bond Insurers, the Liquidity Agent, and the Trustee.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

THE BANK OF NEW YORK MELLON,
formerly known as The Bank of New York

By:
Title:

A handwritten signature in black ink, appearing to be "K. J. J.", written over a horizontal line. The signature is stylized and extends to the right of the line.

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: Bettye Faye Collins
Title: **PRESIDENT**

FINANCIAL GUARANTY INSURANCE COMPANY

[Signature]
By: TIMOTHY TATUM
Title: AUTHORIZED REPRESENTATIVE

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Liquidity Agent

By: _____
Title:

SYNCORA GUARANTEE INC.,
formerly known as XL Capital Assurance Inc.

By: _____
Title:

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Liquidity Agent

By: William A. Austin
Title: EXECUTIVE DIRECTOR

SYNCORA GUARANTEE INC.,
formerly known as XL Capital Assurance Inc.

By: _____
Title:

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

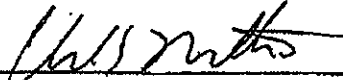
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Liquidity Agent

By: _____
Title:

SYNCORA GUARANTEE INC.,
formerly known as XL Capital Assurance Inc.

By: 
Title:

THE BANK OF NEW YORK MELLON,
formerly known as The Bank of New York,
as Trustee

By: 
Title: VICE PRESIDENT

August 29, 2008

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: Standby Warrant Purchase Agreement and Related Forbearance Agreement Between Jefferson County and Bank of America, N.A.

Ladies and Gentlemen:

Reference is made to (a) the Standby Warrant Purchase Agreement, dated as of October 1, 2002, among Jefferson County, Alabama (the "County"), The Bank of New York, as Trustee (the "Trustee"), JPMorgan Chase Bank, as Liquidity Agent (the "Liquidity Agent"), and Bank of America, N.A., as liquidity provider (the "Bank"), relating to \$98,300,000 Jefferson County, Alabama Sewer Revenue Refunding Warrants Series 2002-C-3 (the "Standby Agreement"); and (b) (i) the Forbearance Agreement and Reservation of Rights (Standby Warrant Purchase Agreement – Bank of America, N.A.), dated as of March 31, 2008, among the County, the Bank, the Liquidity Agent, the Trustee, Financial Guaranty Insurance Company ("FGIC"), Syncora Guarantee Inc., f/k/a XL Capital Assurance Inc. ("Syncora") (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "Original Forbearance Agreement") and (ii) the forbearance letters from the Bank to the County dated May 13, 2008, May 30, 2008 and July 31, 2008, regarding the Standby Agreement and the Original Forbearance Agreement (the documents described in this clause (b) are referred to collectively as the "Forbearance Agreement"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Standby Agreement, as applicable.

As you know, pursuant to the Forbearance Agreement, the County has acknowledged that Events of Default have occurred and are continuing under the Standby Agreement, that interest has accrued and continues to accrue at the Default Rate on the Bank Warrants, and that all interest accrued at the Default Rate on the Bank Warrants in excess of the amount paid by the County to the Bank on April 1, 2008, May 1, 2008, June 2, 2008, July 1, 2008 and August 4, 2008 (the "Default Interest") shall be due and payable in full upon expiration of the Forbearance Period. Absent earlier termination in accordance with the terms thereof, the Forbearance Period under the Forbearance Agreement will terminate on August 29, 2008 as a result of the occurrence of a forbearance period termination event under clause (e) of Section 1 of the Forbearance Agreement.

In recognition of the recently announced direct involvement of the Governor of the State of Alabama to further the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank will proceed as follows: Notwithstanding the termination of the Forbearance Period on August 29, 2008, but without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, it is not the Bank's current intent to exercise any such rights and remedies in respect of the above referenced Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on September 30, 2008. In addition, and notwithstanding anything to the contrary contained in the Forbearance Agreement or the termination of the Forbearance Period on August 29, 2008, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Liquidity Agent, the Trustee, Syncora and FGIC, the Default Interest shall be due and payable in full by the County on the earlier of (i) October 1, 2008 or (ii) immediately upon written notice from the Bank to the County demanding payment of such Default Interest.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date of payment of the Default Interest), waiver or release of any rights, remedies, claims, causes of action, or defenses by any of the Parties in relation to the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended to nor shall anything contained herein constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Events of Defaults, or relieve or release the County or the Bond Insurers from any of their respective obligations, as applicable, under the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, or from the consequences of the existing Events of Default or any other Event of Default. Except as set forth in the third paragraph of this letter, this letter does not constitute an amendment or modification of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

Please further note that we have requested that the Trustee execute this letter for the sole and limited purpose of indicating its consent to the extent that the third paragraph of this letter constitutes an amendment to the Standby Agreement requiring its consent. Furthermore, the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreement as provided in the third paragraph of this letter) and has not agreed to forbear from exercising any remedy it has or may have under the Indenture or any other Related Document.

The execution, delivery and performance of this letter agreement by each undersigned Bond Insurer does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the respective Bond Insurer's organizational documents or any contractual restriction binding on such Bond Insurer (including any agreement between such Bond Insurer and any reinsurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration by any officers or other internal authorities of such Bond Insurer or with any governmental authority that has not been obtained. Syncora hereby ratifies and confirms the Municipal Bond Insurance Policy and its insurance, in accordance with the terms thereof, of all payments of principal and interest on the Bank Warrants, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Each undersigned Bond Insurer hereby ratifies and confirms the DSRF Insurance Policy issued by it, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Without limiting the generality of the foregoing, as between each undersigned Bond Insurer, on the one hand, and the Bank and the Trustee, on the other, neither the execution and delivery of this letter agreement, nor performance hereunder, shall alter in any way (a) the rights of the Bank or the Trustee, or the obligations of any undersigned Bond Insurer, under each Bond Insurance Policy, nor constitute a defense to payment or release under any Bond Insurance Policy, and each undersigned Bond Insurer expressly waives the benefit of any rule of law or provision of any Related Document that would provide otherwise and (b) the rights and/or defenses of any undersigned Bond Insurer, as such rights and/or defenses existed prior to the execution of this letter agreement, under the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, and any and all documents related thereto.

This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Liquidity Agent, the Bond Insurers and the Trustee.

Jefferson County, Alabama
Page 4

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

BANK OF AMERICA, N.A.

By: 

Title: SVP

Jefferson County, Alabama
Page 5

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: Betty's Jane Collins
Title: **PRESIDENT**

JPMORGAN CHASE BANK

By: William A. Austin
Title: **EXECUTIVE DIRECTOR**

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

SYNCORA GUARANTEE INC.
formerly, XL CAPITAL ASSURANCE INC.

By: _____
Title:

Jefferson County, Alabama
Page 5

CONSENT AND AGREE:

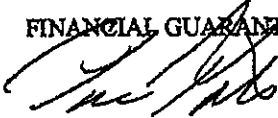
JEFFERSON COUNTY, ALABAMA

By: _____
Title:

JPMORGAN CHASE BANK

By: _____
Title:

FINANCIAL GUARANTEE INSURANCE COMPANY



By: Timothy Tatham
Title AUTHORIZED REPRESENTATIVE

SYNCORA GUARANTEE INC.
formerly, XL CAPITAL ASSURANCE INC.

By: _____
Title:

Jefferson County, Alabama
Page 5

CONSENT AND AGREEMENT:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:


JPMORGAN CHASE BANK

By: _____
Title:

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title:

SYNCORA GUARANTEE INC.
formerly, XL CAPITAL ASSURANCE INC.

By:  _____
Title:

Jefferson County, Alabama
Page 6

THE BANK OF NEW YORK MELLON,
formerly The BANK OF NEW YORK, as Trustee

By:
Title: ~~VICE~~ PRESIDENT

August 27, 2008

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: Standby Warrant Purchase Agreements and Related Forbearance
Agreements Between Jefferson County and The Bank of Nova Scotia

Ladies and Gentlemen:

Reference is made to (a) the Standby Warrant Purchase Agreement, dated as of October 1, 2002, among Jefferson County, Alabama (the "County"), The Bank of New York, as Trustee (the "Trustee"), JPMorgan Chase Bank, as liquidity agent (the "Liquidity Agent"), and The Bank of Nova Scotia acting through its New York Agency (the "Bank"), as liquidity provider, relating to \$73,700,000 Jefferson County, Alabama Sewer Revenue Refunding Warrants Series 2002-C-4 (the "2002-C-4 Standby Agreement"); (b) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, among the County, the Trustee, Financial Guaranty Insurance Company ("FGIC"), Syncora Guarantee Inc. (formerly XL Capital Assurance Inc., "Syncora"), the Liquidity Agent and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008 (as so amended, the "2002-C Original Forbearance Agreement"); and (c) the forbearance letters from the Bank to the County dated May 14, 2008, May 30, 2008 and July 31, 2008, regarding the 2002-C-4 Standby Agreement and the 2002-C Original Forbearance Agreement (the documents described in this clause (c) are referred to collectively as the "2002-C Forbearance Agreement"). Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Standby Agreement, as applicable.

As you know, pursuant to the Forbearance Agreement, the County has acknowledged that Events of Default have occurred and are continuing under the Standby Agreement, that interest has accrued and continues to accrue at the Default Rate on the Bank Warrants, and that all interest accrued at the Default Rate on the Bank Warrants in excess of the amount paid by the County to the Bank on April 1, 2008, May 1, 2008, June 2, 2008, July 1, 2008 and August 4, 2008 (the "Unpaid Interest") shall be due and payable in full upon expiration of the Forbearance Period. Absent earlier termination in accordance with the terms thereof, the Forbearance Period under the Forbearance Agreement will terminate on August 29, 2008 as a result of the

occurrence of a forbearance period termination event under clause (e) of Section 1 of the 2000-C Forbearance Agreement.

In recognition of the recently announced direct involvement of the Governor of the State of Alabama to further the ongoing effort to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank will proceed as follows: Notwithstanding the termination of the Forbearance Period on August 29, 2008, but without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, it is not the Bank's current intent to exercise any such rights and remedies in respect of the above referenced Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on September 30, 2008. In addition, and notwithstanding anything to the contrary contained in the Forbearance Agreement or the termination of the Forbearance Period on August 29, 2008, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Trustee, the Liquidity Agent, Syncora and FGIC, the Unpaid Interest shall be due and payable in full by the County on October 1, 2008.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date of payment of the Unpaid Interest), waiver or release of any rights, remedies, claims, causes of action, or defenses by any of the Parties in relation to the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended to nor shall anything contained herein constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter shall be deemed to waive any existing Events of Defaults, or relieve or release the County or the Bond Insurers from any of their respective obligations, as applicable, under the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, or from the consequences of the existing Events of Default or any other Event of Default. Except as set forth in the third paragraph of this letter, this letter does not constitute an amendment or modification of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

Please further note that we have requested that the Trustee execute this letter for the sole and limited purpose of indicating its consent to the extent that the third paragraph of this letter constitutes an amendment to the Standby Agreement requiring its consent. Furthermore, the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreements as provided in the third paragraph of this letter) and has not agreed to forbear from exercising any remedy it has or may have under the Indenture or any other Related Document.

The execution, delivery and performance of this letter agreement by each undersigned Bond Insurer does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the respective Bond Insurer's organizational documents or any contractual restriction binding on such Bond Insurer (including any agreement between such Bond Insurer and any reinsurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration by any officers or other internal authorities of such Bond Insurer or with any governmental authority that has not been obtained. Syncora hereby ratifies and confirms the Municipal Bond Insurance Policy and its insurance, in accordance with the terms thereof, of all payments of principal and interest on the Bank Warrants, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Each undersigned Bond Insurer hereby ratifies and confirms the DSRF Insurance Policy issued by it, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Without limiting the generality of the foregoing, as between each undersigned Bond Insurer, on the one hand, and the Bank and the Trustee, on the other, neither the execution and delivery of this letter agreement, nor performance hereunder, shall alter in any way (a) the rights of the Bank or the Trustee, or the obligations of any undersigned Bond Insurer, under each Bond Insurance Policy, nor constitute a defense to payment or release under any Bond Insurance Policy, and each undersigned Bond Insurer expressly waives the benefit of any rule of law or provision of any Related Document that would provide otherwise and (b) the rights and/or defenses of any undersigned Bond Insurer, as such rights and/or defenses existed prior to the execution of this letter agreement, under the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, and any and all documents related thereto.

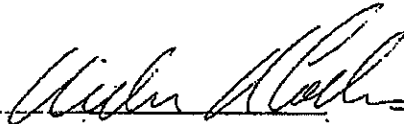
This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Bond Insurers, the Liquidity Agent and the Trustee.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

THE BANK OF NOVA SCOTIA

By: _____
Title:



WILLIAM R. COLLINS
MANAGING DIRECTOR

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title:

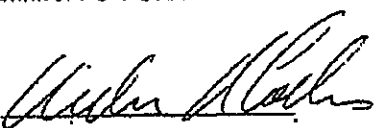
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Liquidity Agent

By: _____
Title:

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

THE BANK OF NOVA SCOTIA


By: 
Title: **WILLIAM R. COLLINS
MANAGING DIRECTOR**

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: 
Title: **PRESIDENT**

FINANCIAL GUARANTEE INSURANCE COMPANY


By: TIMOTHY TATHAM
Title: AUTHORIZED REPRESENTATIVE

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Liquidity Agent

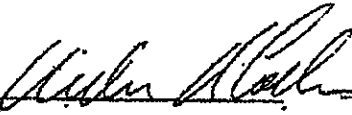
By: _____
Title

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

THE BANK OF NOVA SCOTIA

By:
Title:



WILLIAM R. COLLINS
MANAGING DIRECTOR

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA


By: _____
Title:

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Liquidity Agent

By:
Title:


EXECUTIVE DIRECTOR

SYNCORA GUARANTEE INC., formerly XL
CAPITAL ASSURANCE INC.

By: Edward Byrd
Title:


THE BANK OF NEW YORK MELLON,
formerly The Bank of New York, as Trustee

By: _____
Title:

XL CAPITAL ASSURANCE INC.

By: _____
Title:

**THE BANK OF NEW YORK MELLON,
formerly The Bank of New York, as Trustee**

By: 
Title: ~~SECRETARY~~



STATE STREET

August 29, 2008

Jefferson County, Alabama
County Courthouse
716 Richard Arrington Boulevard
Birmingham, Alabama 35203
Attn: President of County Commission

Re: Standby Warrant Purchase Agreements and Related Forbearance
Agreements Between Jefferson County and State Street Bank and Trust
Company

Ladies and Gentlemen:

Reference is made to (a) the Standby Warrant Purchase Agreement, dated as of May 1, 2003, among Jefferson County, Alabama (the "County"), The Bank of New York, as Trustee (the "Trustee"), and JPMorgan Chase Bank, as Liquidity Agent (the "Liquidity Agent"), and State Street Bank and Trust Company (the "Bank"), as liquidity provider, relating to \$75,000,000 Jefferson County, Alabama Sewer Revenue Refunding Warrants Series 2002-B-5, and \$15,000,000 Jefferson County, Alabama Sewer Revenue Refunding Warrants Series 2002-B-6 (as amended, supplemented or otherwise modified, the "Standby Agreement"); (b) the Forbearance Agreement and Reservation of Rights, dated as of March 31, 2008, among the County, the Trustee, Financial Guaranty Insurance Company ("FGIC"), Syncora Guarantee, Inc. ("Syncora" f/k/a XL Capital Assurance, Inc.) the Liquidity Agent and the Bank (as amended by that certain First Amendment to Forbearance Agreement and Reservation of Rights, dated as of April 15, 2008, the "Original Forbearance Agreement"); (c) the letter from the Bank to the County dated May 14, 2008, regarding the Standby Agreement and the Original Forbearance Agreement; (d) the letter from the Bank to the County dated May 30, 2008, regarding the Standby Agreement and the Original Forbearance Agreement; and (e) the letter from the Bank to the County dated July 31, 2008 regarding the Standby Agreement and the Original Forbearance Agreement (the documents described in clauses (b), (c), (d) and (e) are referred to collectively as the "Forbearance Agreement") Unless otherwise defined, capitalized terms are used herein as defined in the Forbearance Agreement or the Standby Agreements, as applicable.

As you know, pursuant to the Forbearance Agreement, the County has acknowledged that Events of Default have occurred and are continuing under the Standby Agreement, that interest has accrued and continues to accrue at the Default Rate on the Bank Warrants, and that all interest accrued at the Default Rate on the Bank Warrants in excess of the amount paid by the County to the Bank on April 1, 2008, May 1, 2008, June 2, 2008, July 1, 2008 and August 4, 2008 (the "Unpaid Interest") shall be due and payable in full upon expiration of the Forbearance Period. Absent earlier termination in accordance with the terms thereof, the Forbearance Period under the Forbearance Agreements will terminate on August 29, 2008 as a result of the occurrence of a forbearance period termination event under clause (e) of Section 1 of the Forbearance Agreement.

In recognition of the recently announced direct involvement of the Governor of the State of Alabama to further the ongoing efforts to reach a consensual restructuring of the County's sewer related indebtedness, and as a further expression of the Bank's willingness to fully explore that mutual goal, the Bank will proceed as follows: Notwithstanding the termination of the Forbearance Period on August 29, 2008 and without prejudice to the Bank's right to exercise any of its rights and remedies at any time in the exercise of its sole discretion, it is not the Bank's current intent to exercise any such rights and remedies in respect of the above referenced Events of Default prior to 5:00 p.m. (prevailing Birmingham, Alabama time) on September 30, 2008 provided that, during the period of time between August 29, 2008 and September 30, 2008, (a) each Other Liquidity Provider and each Swap Counterparty continues to forbear and (b) on September 2, 2008 the County shall pay or cause to be paid to the Bank interest on the Bank Warrants that has accrued at the applicable Bank Rate (as such term is defined in the Standby Agreement). In addition, and notwithstanding anything to the contrary contained in the Forbearance Agreements or the termination of the Forbearance Period on August 29, 2008, the Bank agrees that, effective upon the execution in counterparts of this letter by the County, the Trustee, Syncora, and FGIC, the Unpaid Interest shall be due and payable in full by the County on October 1, 2008; provided further, however, that for purposes of the definition of "Bank Rate" in the Standby Agreement, the Expiration Date shall remain at April 23, 2008 as set forth in the Forbearance Agreement. Syncora confirms that the Bank Rate as calculated in conformity with the preceding sentence constitutes the Bank Rate for purposes of the Municipal Bond Insurance Policy.

Please note that nothing contained in this letter is intended as or shall constitute an alteration (except in respect of the change to the date of payment of the Unpaid Interest), waiver or release of any rights, remedies, claims, causes of action, or defenses by any of the Parties in relation to the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, any and all documents related thereto, or at law or in equity, and all such rights, remedies, claims, causes of action, and defenses of the Parties are hereby reserved. Nothing contained in this letter is intended to nor shall anything contained herein constitute an admission of liability on the part of any Party, nor shall anything contained in this letter enhance, prejudice, or otherwise alter in any manner any Party's rights, remedies, claims, causes of action, or defenses against any other Party or Person. Nothing contained in this letter

shall be deemed to waive any existing Events of Defaults, or relieve or release the County or the Bond Insurers from any of their respective obligations, as applicable, under the Standby Agreement, the Forbearance Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, or from the consequences of the existing Events of Default or any other Event of Default. Except as set forth in the third paragraph of this letter, this letter does not constitute an amendment or modification of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, or any Related Documents, and the terms and conditions of the Standby Agreement, the Bank Warrants, the Bond Insurance Policies, and all Related Documents shall remain in full force and effect. No failure to exercise or delay in exercising any right or power shall preclude any other or further exercise thereof, and nothing contained herein shall be deemed to constitute an election of remedies.

Please further note that we have requested that the Trustee execute this letter for the sole and limited purpose of indicating its consent to the extent that the third paragraph of this letter constitutes an amendment to the Standby Agreement requiring its consent. Furthermore, the Trustee has not agreed to any amendment, waiver or supplement to the Indenture or any Related Document (other than to the Standby Agreement as provided in the third paragraph of this letter) and has not agreed to forbear from exercising any remedy it has or may have under the Indenture or any other Related Document.

The execution, delivery and performance of this letter agreement by each undersigned Bond Insurer does not contravene or constitute a default under any statute, regulation or rule of any governmental authority or under any provision of the respective Bond Insurer's organizational documents or any contractual restriction binding on such Bond Insurer (including any agreement between such Bond Insurer and any reinsurer) or require any authorization, consent, approval, exemption or license from, or any filing of registration by any officers or other internal authorities of such Bond Insurer or with any governmental authority that has not been obtained. Syncora hereby ratifies and confirms the Municipal Bond Insurance Policy and its insurance, in accordance with the terms thereof, of all payments of principal and interest on the Bank Warrants, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Each undersigned Bond Insurer hereby ratifies and confirms the DSRF Insurance Policy issued by it, subject, to the extent applicable, to the terms and conditions of the Standby Agreement, the Bank Warrants, each Bond Insurance Policy, the other Related Documents, and any and all documents related thereto. Without limiting the generality of the foregoing, as between each undersigned Bond Insurer, on the one hand, and the Bank and the Trustee, on the other, neither the execution and delivery of this letter agreement, nor performance hereunder, shall alter in any way (a) the rights of the Bank or the Trustee, or the obligations of any undersigned Bond Insurer, under each Bond Insurance Policy, nor constitute a defense to payment or release under any Bond Insurance Policy, and each undersigned Bond Insurer expressly waives the benefit of any rule of law or provision of any Related Document that would provide otherwise and (b) the rights and/or defenses of any undersigned Bond Insurer, as such rights and/or defenses existed prior to the execution of this letter agreement, under the Standby

Agreement, the Bank Warrants, the Bond Insurance Policies, the other Related Documents, and any and all documents related thereto.

This letter shall take effect only upon execution and return to us of counterparts of this letter executed by the County, the Bond Insurers and the Trustee.

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

STATE STREET BANK AND TRUST COMPANY

By: Kenneth J. Mooney
Title: Senior Vice President

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: Betty Ann Collins
Title: **PRESIDENT**

FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

SYNCORA GUARANTEE INC.

By: _____
Title:

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

STATE STREET BANK AND TRUST COMPANY

By: Kenneth J. Moore
Title: Senior Vice President

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title: _____

FINANCIAL GUARANTY INSURANCE COMPANY

[Signature]
By: Timothy J. Thomas
Title: AUTHORIZED REPRESENTATIVE

SYNCORA GUARANTEE INC.

By: _____
Title: _____

We look forward to continuing to work cooperatively in an effort to achieve a consensual restructuring of the County's sewer related indebtedness, and of course, we remain willing to discuss any issue with you at your convenience.

Sincerely,

STATE STREET BANK AND TRUST
COMPANY

By: Kenneth J. Noon
Title: Senior Vice President

CONSENT AND AGREE:

JEFFERSON COUNTY, ALABAMA

By: _____
Title:

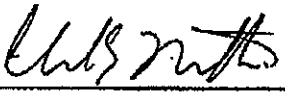
FINANCIAL GUARANTY INSURANCE COMPANY

By: _____
Title

SYNCORA GUARANTEE INC.

By: Edna B. Reed
Title:

THE BANK OF NEW YORK MELLON,
formerly The BANK OF NEW YORK, as Trustee

By: 
Title: ~~VICE~~ PRESIDENT